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Hungary

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Bureau of Public Affairs

February 1986

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Official Name:
Hungarian People's Republic

PROFILE

People

Nationality: *Noun and adjective*—Hungarian(s). **Population** (1985): 10.7 million. **Annual growth rate:**-0.2%. **Ethnic groups:** Magyar 92.4%, Gypsy 3.3%, German 2.5%, Jews 0.7%; other 1.1%. **Religions:** Roman Catholic 67.5%, Calvinist 20%, Lutheran 5%, Jewish. **Languages:** Magyar 98.2%, other 1.8%. **Education:** *Years compulsory*—to age 16. *Attendance*—96%. *Literacy*—98%. **Health:** *Infant mortality rate*—20.2/1,000 live births. *Life expectancy*—66 yrs. men, 73.2 women. **Work force** (5 million): *Agriculture*—20.6%. *Industry and commerce*—42.7%. *Services*—32.1%. *Government*—4.6%.

Geography

Area: 93,030 sq. km. (35,919 sq. mi.); about the size of Indiana. **Cities:** *Capital*—Budapest (pop. 2 million, 1985). *Other cities*—Miskolc (212,000), Debrecen (210,000), Szeged (181,000), Pecs (175,000). **Terrain:** Mostly flat plain. **Climate:** Temperate.

Government

Type: Communist unitary state. **Constitution:** August 20, 1949 (amended 1972).

Branches: *Executive*—Council of Ministers. *Legislative*—Hungarian National Assembly (349 members, 5-yr. terms). *Judicial*—Supreme Court.

Administrative subdivisions: 20 counties.

Political party: Hungarian Socialist Workers Party.

Central government budget (1985): $12.8 billion.

Defense (1983): 3.9% of government budget.

National holiday: Liberation Day, April 4.

Flag: Three horizontal stripes—red, white, and green—from top to bottom.

Economy

GDP (1984): $23.9 billion. **Annual growth rate:** 2.6%. **Per capita income:** $4,180. **Avg. inflation rate** (1984): 8.3%.

Natural resources: Fertile land, bauxite, brown coal.

Agriculture (14.7% of GDP): *Products*—meat, corn, wheat, potatoes, sugar beets, vegetables, fruits. *Arable land*—50.4%, of which 70.9% is cultivated.

Industry (37.2% of GDP): *Types*—precision and measuring equipment, pharmaceuticals, textiles, transportation equipment.

Trade (1983): *Exports*—$8.770 billion: machinery, transport equipment, agricultural products, consumer goods. *Partners*—socialist countries 58.2%, developed noncommunist countries 30.2%, developing countries 11.6%. *Major markets*—USSR, FRG, GDR, Czechoslovakia, Austria. *Imports*—$8.55 billion: raw materials, energy, machinery, and transport equipment. *Partners*—socialist countries 51.5%, developed noncommunist countries 40.2%, developing countries 8.3%. *Major suppliers*—USSR, FRG, GDR, Czechoslovakia, Austria.

Official exchange rate (1985): 51.62 forints (FTs) = US$1.

Membership in International Organizations

UN and several of its specialized and related agencies, including the International Monetary Fund (IMF), World Bank, General Agreement on Tariffs and Trade (GATT); Warsaw Pact; Council for Mutual Economic Assistance (CEMA); Danube Commission.

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GEOGRAPHY

Most of Hungary is a flat plain, with the exception of low mountains in the north-central and northeastern sections and to the north and south of Lake Balaton.

The climate is temperate, with seasons of almost equal length. January temperatures average 0°C (32°F); July, 22°C (71°F). Annual precipitation averages 64 centimeters (25.2 in.).

PEOPLE

In 1985, Hungary had an estimated population of 10.7 million, or about 115 per square kilometer (298/sq. mi.). The growth rate has averaged less than 0.5% a year since 1960 and is now slightly less than zero.

Education in Hungary is compulsory to age 16. Ninety-six percent of Hungarian children complete 8 years of schooling; 93.3% of these attend secondary schools, many of which are technically oriented. Some 80,000 students attend institutions of higher learning yearly. By 1980, 3.6% of the population over age 25 had completed higher education.

Hungary and Poland mark the farthest eastward extension of Western Christianity in Europe. About two-thirds of Hungary's population are Roman Catholic; most of the remainder are Protestant (Calvinist, Lutheran, Unitarian, and others).

Hungarian is the official language, although Russian and English are taught in the schools.

HISTORY

Traditionally, Hungarians have considered themselves an integral part of Western Europe and the eastern outpost of Western civilization in Europe. Hungary was a monarchy for nearly 1,000 years. Its constitutional-parliamentary system preceded, by several centuries, the establishment of such Western-style governments in other East European countries.

Sharing defeat of the Austro-Hungarian monarchy, Hungary lost the greater part of its territory and population at the end of World War I. It had a brief but bloody communist dictatorship and counterrevolution in 1919, followed by a 25-year regency under Adm. Nicholas Horthy. Although Hungary entered and fought in World War II as a German ally, it fell under German military occupation, during which the Horthy regime was swept away by a pro-Nazi dictatorship in October 1944. German forces were driven out by advancing Soviet armies in a campaign that ended in April 1945, despite an armistice that had been signed at Moscow by the Hungarians on January 20, 1945. A peace treaty was signed with the Allied and Associated Powers at Paris on February 10, 1947, and entered into force on September 15, 1947.

Meanwhile, free elections held in October 1945 had led to the establishment of a republic and a coalition government under the leadership of the

majority Smallholders Party. Following nearly 2 years of parliamentary, coalition government, the communist minority succeeded—with the support and repeated intervention of the Soviet occupation authorities—in seizing power (May–June 1947) and establishing a communist dictatorship headed by Moscow-trained Matyas Rakosi. Under Rakosi, the remaining democratic parties were fragmented and their leaders eliminated or driven into exile. A communist constitution, promulgated on August 20, 1949, proclaimed Hungary a people's republic.

The Rakosi years were marked by political consolidation using police-state methods, subservience to Moscow, imitation of the Stalinist model under Soviet pressure, and continuing purges of the party apparatus. Rakosi's attempt to maintain Stalinism in Hungary following the denunciation of Stalin in the Soviet Union led to violence in 1956. In March of that year, the national communist party leader, Rajk, who had been executed in September 1949, was publicly rehabilitated. In July, Rakosi was replaced as first secretary of the communist party by his trusted lieutenant, Erno Gero. In October, after months of agitation and open criticism of the regime by writers, students, and other intellectuals, Hungarian popular discontent erupted in demonstrations and street fighting in Budapest between the students and Soviet-Hungarian forces. Imre Nagy, who had been Hungary's premier from July 1953 until April 1955 when Rakosi removed him from office, was returned to the premiership. Gero was succeeded as first secretary by the moderate communist Janos Kadar, who had been imprisoned under Rakosi. Jozsef Cardinal Mindszenty, the Roman Catholic Primate of Hungary, who had been sentenced to life imprisonment in 1949, was released by insurgents. Soviet troops temporarily withdrew from Budapest.

The government, headed by Premier Nagy, was swept along by the nationalistic exuberance of the population and increasingly identified itself with the basic popular demands. On November 1, 1956, assenting to popular demand, Premier Nagy proclaimed Hungary's neutrality, its withdrawal from the Warsaw Pact, and his government's intention to hold free, multiparty elections. On November 3–4, Soviet Armed Forces moved into Hungary and crushed the national uprising.

Following the uprising came a period of consolidating power and restructuring the communist party. Since the early 1960s, Hungary has pursued a policy of improving its standard of living and granting a degree of economic and cultural liberty, which, in recent years, has been combined with tentative experimentation in political relaxation as well.

GOVERNMENT

The Hungarian National Assembly, a unicameral legislative body, is nominally the highest organ of state authority. It approves all legislation sponsored by the Hungarian Socialist Workers Party (HSWP—communist). The June 1985 parliamentary elections were held under new rules, making a choice of candidates compulsory for most parliamentary and local positions.

The National Assembly elects from among its members a Presidential Council for a term of 5 years, which is the collective head of state and consists of a president, two vice presidents, one secretary, and 17 members. The president of the Presidential Council acts as its representative at public ceremonies and at official functions. The principal duty of the Presidential Council is to act on behalf of the National Assembly between sessions.

The executive-administrative functions of government rest with the Council of Ministers (Cabinet), selected by the Presidential Council and confirmed by the National Assembly. It is composed of a premier, 5 deputy premiers, and 19 members.

Hungary's highest court is the Supreme Court, elected by and responsible to the National Assembly. Below the Supreme Court are the county courts and the district and town courts (courts of first instance). Hungary has no trial

Travel Notes

Customs: Although Hungarian authorities state that tourist visas may be obtained at certain road bordercrossings, at Danube River ship piers, and at Budapest's Ferihegy Airport, US tourists occasionally have encountered difficulties. The US Embassy strongly recommends that all visitors obtain visas from the Hungarian Embassy in Washington, DC or from the Hungarian Consulate General in New York before departure.

Visas are unavailable at the border to tourists entering by train. Visitors are encouraged to register at the US Embassy. Only 100 forints in coins (currently about $3) may be imported or exported.

There is no limit on the amount of hard currency that may be brought into Hungary. However, travelers are required to declare upon entry any foreign funds in their possession to facilitate re-export of the funds upon departure. Immunization requirements are generally those of Western Europe.

Climate and clothing: Budapest's climate is temperate, with seasons of almost equal length. Summers are pleasant, and the past several winters have been relatively mild.

Health: Health services and medications are widely available and generally adequate, although of a different standard from that in the US. Tapwater is potable. Raw fruits and vegetables are safe to eat. Avoid food products that lack preservatives and unpasteurized milk.

Telecommunications: Telephone and telegraph services are readily available at standard international rates. Budapest is 6 hrs. ahead of eastern standard time.

Transportation: Several international airlines provide service between European cities and Budapest's Ferihegy Airport. Train service is available via Vienna. Subway, bus, and taxi services within the capital and its environs are good. Taxis are available at stands or may be ordered by phone. Rental cars are available.

Tourist attractions: Budapest is the country's leading tourist attraction, especially the museums and historic houses and buildings of the "Var" area overlooking the Danube River. Roman ruins are located at Aquincum in suburban Budapest. The remains of the Renaissance palace of the Hungarian kings at Visegrad on the Danube bend are of great historic and cultural interest.

Many Europeans visit Lake Balaton, central Europe's largest lake, for swimming and sunbathing. Many thermal baths are located throughout the country. The Hungarian *Puszta* or "Great Plain" in the east is interesting for its wildlife.

National holidays: Businesses and the US Embassy may be closed on the following Hungarian holidays:

New Year's Day	January 1
Liberation Day	April 4
Easter Monday	Varies
Labor Day	May 1
Constitution Day	August 20
October Revolution Day	November 7
Christmas Day	December 25
Boxing Day	December 26

Courtesy Interfoto MTI (Hungary).

The Chain Bridge, Budapest.

by jury. Courts of first instance comprise one professional judge and two lay judges. Higher courts are composed entirely of professional judges.

Central government-appointed people's councils govern each of Hungary's 20 counties. Some provision exists, however, for limited popular participation in the selection process.

During the 1956 national uprising, the Hungarian communist party, then known as the Hungarian Workers Party, disintegrated. It was quickly reestablished, however, as the HSWP, under the leadership of its present head, General Secretary Janos Kadar. The HSWP controls the government, formulates policy, and claims a membership of slightly more than 700,000. Its most important organizational bodies are the Central Committee, with 125 members, Political Committee (politburo) with 13 members, and Secretariat with 5 members.

Principal Government Officials

Premier—Gyorgy Lazar
Deputy Premiers—Judit Csehak, Lajos Czinege, Lajos Faluvegi, Jozsef Marjai, Lazlo Marothy

Ministers
Agriculture and Food—Jano Vancsa
Defense—Ferenc Karpati
Education and Culture—Bela Kopeczi
Finance—Istvan Hetenyi
Foreign Affairs—Peter Varkonyi
Foreign Trade—Peter Veress
Interior—Janos Kamara
Industry—Laszlo Kapolyi

Hungary maintains an embassy in the United States at 3910 Shoemaker St. NW., Washington, D.C. 20008 (tel. 202-362-6730). A Consulate General is located at 8 East 75th Street, New York, N.Y. 10021 (tel. 212-879-4127).

POLITICAL CONDITIONS

The Hungarian uprising of 1956, although forcibly suppressed by Soviet armed intervention, gave impetus to long-overdue changes and clearly demonstrated the popular will for national identity and internal reform. After an initial period of severe reprisals, Janos Kadar's new government introduced a conciliatory and cautiously liberalizing course. He had served in Imre Nagy's government but had gone over to the Soviet side after Nagy's denunciation of the Warsaw Pact and announcement of return to the multiparty system. By 1961, despite some continuing Hungarian manifestations of dismay over communist rule, it became clear that the Kadar government had consolidated its position and was in full control of the country.

In March 1963, First Secretary Kadar announced a broad amnesty covering persons imprisoned as a result of their participation in the events of 1956 and various other categories of political prisoners. Later that year, the Hungarian Government abandoned the class-origin requirement that had limited admission to higher educational institu-

tions to children of worker-peasant families. In February 1964, Hungary ceased jamming Voice of America and Radio Free Europe broadcasts. In March 1966, details of economic reforms, involving adjustment of the existing command economy system to the demands of a pragmatic market economy were announced. These reforms, collectively known as the "new economic mechanism," went into effect on January 1, 1968.

Although Hungary has no political pluralism, differences of opinion are occasionally given outlet as the Hungarian authorities attempt to stimulate interest in public affairs. The Thirteenth Party Congress, held in March 1985, generally reaffirmed the Hungarian political development and the policies of Janos Kadar. His 1963 pronouncement that "he who is not against us is with us" is still largely the rule in Hungary and makes possible the clearly discernible trend toward better living conditions, cooperation of communists and noncommunists in Hungary's economic development, and general absence of repressive measures.

Further Information

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For information on economic trends, commercial development, production, trade regulations, and tariff rates, contact the International Trade Administration, US Department of Commerce, Washington, DC 20230 or any Commerce Department district office.

ECONOMY

Before World War II, Hungary had a predominately agricultural economy. However, following the standard Marxist pattern, industrialization has been pushed in the postwar period. In 1950, more than 50% of the labor force worked on the land; now only slightly fewer than 25% are agricultural workers. In recent years, Hungarian agriculture has been generally self-sufficient and an important source of export earnings.

With the exception of various small businesses with few employees, all economic activity is run by state-owned enterprises or cooperatives. Agriculture has been collectivized, undoing the immediate postwar division of large estates among small peasant owners. Today, socialization of agriculture is 94% complete, composed of collectives (64%), other state organizations (19%), and state farms (11%).

Hungary has rich bauxite mines and provides for most of its coal and natural gas requirements. However, it must import most of its oil, plus coke and iron ore for steel production.

By the early 1960s, the inadequacies of the Hungarian economy caused grave concern to the government. After the 1956 uprising, production of consumer goods was boosted to conciliate the people. Economic malfunctioning continued, however, partly because of Hungary's lack of raw materials and the doctrinaire rigidity of central planning.

New Economic Mechanism

Between 1956 and 1968, Hungarian economists designed a comprehensive modification of the economic system. This modification, called the "new economic mechanism (NEM)," was formally introduced in 1968. The NEM was intended to increase flexibility and efficiency by decentralizing economic decisionmaking. Broad development direction continued to be laid out in central plans, but enterprises were given wider scope to decide what to produce, how to spend investment funds, and how to manage their labor forces. Enterprises were to be judged on their profitability rather than on gross output, and the incomes of management and labor were differentiated to reflect performance. Central plans were implemented by using economic regulators—taxes, prices, exchange rates, credits—to influence enterprise decisions rather than by direct and compulsory directives to individual units. Although the NEM made greater use of market forces to guide economic activity, the government stressed that the reforms should not be interpreted as a return to capitalism and that the dominant feature of the economy, socialist ownership of the means of production, was not to be altered.

Introduction of the NEM ushered in a period of rapid growth, accompanied by equilibrium in the balance of trade. In the early 1970s, however, a number of factors combined to blunt the reform effort. Ideologists objected to the lessening of central control and the increasing differentiation of incomes. The government felt it had to protect the economy from the oil price explosion of 1973–74, so internal prices diverged increasingly from world price relationships. Special bureaucratic measures to assist individ-

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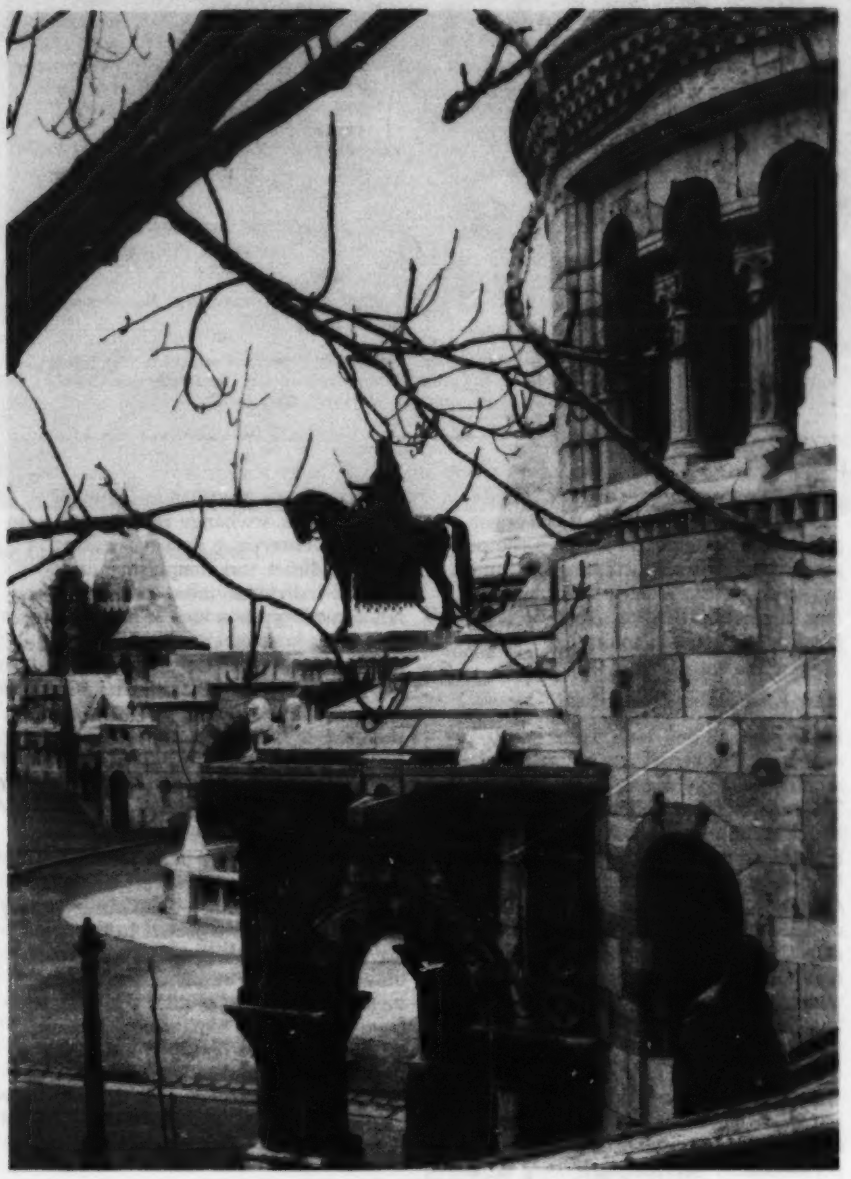
ual enterprises through subsidies and other measures lessened the impact of economic regulators. Although the NEM remained officially in effect, much of the rationalizing impact was gradually lost. As a result, by the period 1975–78, growth began to slow, while Hungary experienced mounting trade deficits. Internal problems were reinforced by the rising costs of imported energy and raw materials and irregular growth in Hungary's foreign markets.

In late 1977, government leaders formally recognized that a renewed reform effort was necessary. Measures were introduced shortly afterward with particular emphasis on balancing the convertible currency trade. Prices were to more accurately reflect costs, many subsidies were phased out, more emphasis was placed on saleable market products, and wages and salaries were better tied to performance. Basic to reaching balanced foreign trade has been reducing investment and holding living standards to the 1980 level. The recently introduced seventh 5-year plan (1986–91) forecasts real growth averaging only 2% per year. Emphasis will be placed on production modernization and technological development. In addition, economic changes are being studied that could gradually alter management of capital, methods of taxation, wage incentives, and the elimination of unprofitable enterprises.

One of NEM's successes is agriculture. The government realized that the country's rich farmland constituted its greatest natural resource. Agricultural investment was increased, prices were raised to stimulate production, and modern techniques were imported. Today, Hungary exports meat, grains, and various fruits and vegetables. Because of its relatively strong performance, measures introduced after 1977 have had fewer changes in the agricultural sector.

Although the continuing but gradual reform efforts should ultimately strengthen the economy, Hungary still faces a difficult economic situation. The reforms have yet scarcely touched the large, state-owned, heavy industries, where both ideological resistance and resentment over wage differentials in other sectors of the economy run high. The country depends on imported oil, natural gas, and electrical power for more than 50% of its energy needs, and energy costs will continue to rise in the near future, despite greater efforts to develop domestic coal and gas resources and the opening of the first nuclear power plant in late 1982. The country also must expand and modernize its neglected social infrastructure, especially housing. In addition, slow growth and price adjustments will cause certain social sectors to suffer declines in their standard of living.



The Fisherman's Bastion and the Statue of St. Stephen in Buda.

Foreign Trade

Hungary is highly dependent on foreign trade, about 50% of which is with other communist countries. Most of its raw materials come from the Soviet Union, paid for largely with machinery and food. Hungary imports more advanced capital goods and certain raw materials from the West.

A most-favored-nation trade agreement with the United States, concluded in 1978, opened new opportunities for bilateral trade. The business communities of both countries have consequently increased their participation in trade fairs and other promotional activities. However, since current Hungarian trade policy is directed at increasing hard currency exports, while restraining imports, trade levels are expected to expand only marginally.

U.S.-Hungarian trade is expected to grow modestly over the medium term.

In 1985, U.S. exports to Hungary totaled $94.4 million. Over two-thirds of this was accounted for by exports of food items, machinery, transportation equipment, and chemicals. Imports in 1985 were valued at $241 million, primarily machinery and food items. The Federal Republic of Germany and Austria are Hungary's largest Western trade partners.

FOREIGN RELATIONS

Except for the brief and unsuccessful attempt by Imre Nagy in November 1956 to establish a position and course of neutrality for Hungary, the foreign policy of the Hungarian Government has followed closely the Soviet lead since 1947. During 1948–49, Hungary entered into a network of 20-year treaties of friendship, cooperation, and mutual assistance with the Soviet Union (renewed in September 1967), Poland, Czechoslovakia, Romania, and Bulgaria. In 1950, it concluded a friendship treaty with the German Democratic Republic (renewed and expanded into a treaty of friendship, cooperation, and mutual assistance in May 1967). In 1955, it became one of the founding members of the Soviet-led military Warsaw Treaty Organization (Warsaw Pact). Hungary is also a founding member of the Council for Mutual Economic Assistance (CEMA), the coordinating organ of Soviet bloc economies.

Hungary has been a member of the United Nations since December 1955, and was elected to serve on the Security Council for the 1968–69 session.

Like other communist states, Hungary has been interested in increasing its economic ties with the United States and Western Europe in the past few years. Visits to Austria, the Federal Republic of Germany, Italy, France, and Great Britain by HSWP General Secretary Kadar reflect this interest as does Hungarian participation in the European cooperation agreed on between East and West at the 1975 Helsinki Conference on Security and Cooperation in Europe (CSCE).

A Vatican-Hungary agreement of 1964, although limited in scope, was the first such accord between the Holy See and a communist government. It provided for the appointment of bishops to vacant Roman Catholic dioceses, oaths of allegiance to the state by the clergy, and continued functioning of a state-supported Hungarian theological college at Rome. Vacancies in the Catholic hierarchy in Hungary were filled in 1976, Lazlo Cardinal Lekai being appointed in the same year as Archbishop of Esztergom (the traditional seat of the primate of Hungary, formerly held by Joszef Cardinal Mindszenty).

The Castle District in Budapest still has a 19th century appearance

DEFENSE

Hungary's troops participate periodically in military maneuvers conducted jointly by Warsaw Pact members. Additionally, it maintains bilateral defense commitments with the other members of that organization, including the Soviet Union. Hungarian military forces number about 100,000, a figure that has remained basically constant for many years. The largest service by far is the army. There is also an air force and a small naval contingent that patrols the Danube River. Young men become eligible at age 18 for conscription. The period of required military service is 18 months. Soviet troops have been stationed in Hungary since the last days of World War II and currently number about 60,000.

U.S.-HUNGARIAN RELATIONS

Relations between the United States and Hungary following World War II were affected by Hungary's occupation by Soviet armies. An American political mission was opened at Budapest on May 12, 1945, and the United States resumed full diplomatic relations with Hungary on October 12, 1945, before the signing of the Hungarian peace treaty on February 10, 1947. U.S. diplomatic representation at Budapest was established at the legation level on January 26, 1946. Meanwhile, the first postwar Hungarian minister presented his credentials and assumed charge of the Hungarian Legation at Washington, D.C. on January 18, 1946.

After the communist seizure of power at Budapest in June 1947, U.S.-Hungarian relations became increasingly strained by the nationalization of U.S. property, unacceptable treatment of U.S. citizens, restrictions on the operations of the American Legation, and harrassment of legation personnel.

During the difficult period following the Hungarian national uprising in 1956, relations were subjected to more strain. The legations at Budapest and Washington were headed by charges d'affaires during the period 1956–66. In 1963, following informal conversations on bilateral relations, and with the proclamation of a Hungarian political amnesty and the termination of the Hungarian question at the United Nations, some movement toward improved relations became evident.

Hungary's relations with the United States have made slow but steady prog-

ress since November 1966, when missions in Washington and Budapest were raised to embassy status and an exchange of ambassadors was agreed upon.

In 1972, a consular convention was concluded to provide protection to U.S. citizens and travelers in Hungary. In 1973, a bilateral agreement was reached under which Hungary settled the nationalization claims of American citizens. In 1976, Hungary paid its debt arrearages to the U.S. Government in full, including those dating back to the post-World War I era.

In 1970, the United States and Hungary renewed a civil air agreement providing for the possibility of direct service between New York and Budapest on Pan Am and Malev, the Hungarian airline. In 1977, an agreement on exchanges and cooperation in culture, education, science, and technology was concluded. Hungary's record of implementing CSCE Helsinki Final Act provisions, including those on reunification of divided families, is among the best in Eastern Europe.

In January 1978, the United States returned to the people of Hungary the historic Crown of Saint Stephen and other Hungarian coronation regalia that had been safeguarded by the United States since the end of World War II. A bilateral trade agreement, including extension to Hungary of most-favored-nation tariff status, entered into effect in July 1978. Cultural and scientific exchanges were expanded. Major U.S. official cultural exhibits have been well received.

In recent years, U.S.-Hungarian relations also have featured a steady exchange of official visits. Members of the U.S. executive and legislative branches have participated in meetings addressing a broad range of political and other topics. Vice President George Bush visited Hungary in 1983, and Secretary of State George Shultz visited in 1985.

Principal U.S. Officials

Ambassador—Nicolas M. Salgo
Deputy Chief of Mission—Keith Smith
Counselor for Press and Cultural Affairs—Csaba T. Chikes
Political Officer—Richard Baltimore III
Economic Officer—Mary Lee K. Garrison
Commercial Officer—Stephan Wasylko
Administrative Officer—Thomas C. Adams
Consul—Deborah Bolton
Defense Army Attache and Air Attache—Col. Glen A. Bailey, Jr. USA

The U.S. Embassy in Hungary is located at V. Szabadsaz Ter. 12, Budapest (tel. 126–450). ■

Published by the United States Department of State • Bureau of Public Affairs • Office of Public Communication • Editorial Division • Washington, D.C. • February 1986
Editor: Juanita Adams

Department of State Publication 7915
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